

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

**April 1, 2008, 1:30 p.m.
Teleconference**

Chair Patricia Wynne called the meeting to order at 1:36 p.m.

Present: Patricia Wynne for Bill Lockyer, State Treasurer
Diana Ducay for Michael C. Genest, Department of Finance
Dena Wilson for David Long, Office of the Secretary of Education
(joined at 1:38 p.m.)
Antoinette Chandler (via teleconference)
Allison Jones (via teleconference)

Staff: Zeny Marie Agullana, Executive Director, ScholarShare Investment Board (SIB)
Don Sherman, Manager, SIB
Stanley Zeto, Analyst, SIB
Ali Cooper, Outreach Coordinator, SIB
Sue Lim, Compliance Officer, SIB
Kristin Smith, Staff Counsel, State Treasurer's Office (STO)

Consultants: Allan Emkin, Managing Director, Pension Consulting Alliance, Inc. (PCA)
Jeremy Thiessen, Senior Vice President, PCA
Andrea Feirstein, Managing Member, AKF Consulting LLC (via teleconference)

Fidelity: Joe Ciccariello, Vice President, College Planning, Fidelity Investments
(via teleconference)
Jeff Troutman, Vice President, College Planning, Fidelity Investments
Institutional Services (via teleconference)

The Chair declared a quorum present at 1:37 p.m.

Board Agenda Item Number One
Approval of Minutes from March 6, 2008 Meeting

The minutes from the March 6, 2008 ScholarShare Investment Board (SIB or Board) meeting were presented to the Board.

Board Action:

Member Chandler moved to approve the item before the Board, the minutes from the March 6, 2008 SIB meeting. The motion was seconded by Chair Wynne and approved by the Board with abstentions from Member Jones and Member Ducay.

Board Agenda Item Number Two
Resolution to Approve Contract Amendment with TIAA-CREF Tuition Financing, Inc. for Program Management Services for the Governor's Scholarship Programs

Ms. Zeny Marie Agullana, SIB, reported that the contract with TIAA-CREF Tuition Financing, Inc. (TFI) for program management services for the Governor's Scholarship Programs (GSP) is set to expire on June 30, 2008. Ms. Agullana stated that staff is recommending that SIB approve the contract amendment with TFI for program management services for GSP. Ms. Agullana reported that cost was reasonable and that the amendment would extend the contract for one year expiring in June 2009.

Board Agenda Item Number Three
Fidelity Investments Proxy Statements – The ScholarShare Investment Board has proxy voting rights on these Statements

Chair Wynne stated that the Chair sent a letter to Fidelity expressing concern regarding the shareholders meetings requiring proxy vote from SIB.

Mr. Allan Emkin, Pension Consulting Alliance, Inc. (PCA), discussed the proposals requiring proxy vote from SIB, including proposals adjourned from the March meeting and proposals to be voted on at the April meeting. Mr. Emkin provided Staff's recommendations on the various proposals, including election of trustees, amendment of the Declaration of Trust, amendment of the management contract for Fidelity Advisor Mid Cap II Fund, and institution of Board oversight procedures.

Mr. Emkin stated that it is important that the Board have an opportunity to discuss these issues in a fiduciary manner. Member Chandler requested that the Board continue to explore social or economic issues involving the proxy policy and to have an open discussion about it. Chair Wynne stated that it may be time to revisit the Proxy Policy adopted three years ago. Ms. Agullana stated that Staff will prepare a discussion on SIB's policies for the next meeting.

Board Action:

Proposals Adjourned from March 19, 2008 Shareholder Meeting

- Election of Trustees
Member Wilson moved to vote for electing a Board of Trustees. The motion was seconded by Member Jones and approved by the Board.

- Amendment of the Declaration of Trust
Member Wilson moved to vote against amending the Declaration of Trust to reduce the required quorum for shareholder meeting. The motion was seconded by Member Jones and approved by the Board.

Proposals for April 16, 2008 Shareholder Meeting

- Election of Trustees
Member Wilson moved to vote for electing a Board of Trustees. The motion was seconded by Member Jones and approved by the Board.
- Amendment of the Declaration of Trust
Member Wilson moved to vote against amending the Declaration of Trust to reduce the required quorum for shareholder meeting. The motion was seconded by Member Jones and approved by the Board.
- Amendment of Management Contract (for Fidelity Advisor Mid Cap II Fund only)
Member Wilson moved to vote against amending the management contract for Fidelity Advisor Mid Cap II Fund. The motion was seconded by Member Jones and approved by the Board.
- Board Oversight Procedures
Member Wilson moved to vote against instituting Board oversight procedures to screen out investments in companies that, in the judgment of the Board, substantially contribute to genocide, patterns of extraordinary and egregious violations of human rights, or crimes against humanity. The motion was seconded by Member Jones and approved by the Board.

Board Agenda Item Number Four Resolution to Authorize the Chair and Executive Director to Vote Proxy on Behalf of the ScholarShare Investment Board

Ms. Agullana reported that Fidelity is in the process of altering some of their fund offerings, and additional shareholder meetings are anticipated. Ms. Agullana stated that it may not always be possible for a proxy vote to be addressed at a regularly scheduled Board meeting, or a special meeting, and that SIB Staff is recommending that the Board allow the Executive Director and the Chair, or designee, to vote proxy on behalf of the Board in accordance with the tenets of SIB's Proxy Policy.

Member Wilson requested that when possible, Board Members should be notified prior to a proxy vote. Ms. Agullana stated that Board Members will be updated on proxy issues; Chair Wynne requested a process to be developed for notifying Board Members of upcoming proxy votes.

Board Action:

Member Wilson moved to approve the item before the Board, Resolution No. 2008-04 authorizing the Chair and Executive Director to vote proxy on behalf of the Board. The motion was seconded by Member Ducay and approved by the Board.

Public Comment

Chair Wynne called for public comment. There was none.

There being no further business before the Board, the Chair adjourned the meeting at 2:06 p.m.

Respectfully submitted by,

Zeny Marie Agullana, Executive Director
ScholarShare Investment Board